

# THE AIR TRANSPORT LICENSING AUTHORITY



## **Annual Report** 2013 -2014



THE AIR TRANSPORT LICENSING AUTHORITY

*Annual Report*  
*2013 - 2014*



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**AIR TRANSPORT LICENSING AUTHORITY**  
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BARBADOS



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**LETTER OF TRANSMITTAL**

September 29, 2017

Honourable Richard Sealy  
Ministry of Tourism and  
International Transport  
International Transport  
Baobab Tower  
Warrens  
ST. MICHAEL

Dear Minister

In accordance with Section 15(1) of the Civil Aviation Act, 2005, Cap. 288B of the Laws of Barbados, I have the honour to submit to you, in your capacity as Minister of Tourism and International Transport, the Air Transport Licensing Authority's Accounts and its Report on its operations during April 1, 2013 - March 31, 2014.

I am  
Yours faithfully

*S L Greaves*  
Chairman

## BOARD MEMBERS AND SENIOR OFFICERS

The following Board Members were appointed for a period of two years from April 2013:

Mr. Stephen Greaves	-	Chairman
Mr. Neville Boxill	-	Deputy Chairman
Mr. Peter Barrow	-	Member
Mr. Hugh Foster	-	“
Ms. Angela Lynch	-	“
Ms. Denise Reid	-	“
Mr. Keith Robertson	-	“
Chief Executive Officer GAIA Inc.	-	“
(Represented by Mr. Jason Inniss)		

## **FUNCTIONS OF THE AUTHORITY**

The functions of the Authority are:

- (a) to hear and determine applications for licences or for amendments to licences to operate any scheduled air service;
- (b) to consider any representation or objection from any person with respect to
  - (i) the adequacy of any scheduled air service; or
  - (ii) the charges for any scheduled air service.
- (c) to determine any question referred to it by the Minister that
  - (i) relates to facilities for air transport into or out of Barbados or to the charges for such facilities; or
  - (ii) in the opinion of the Minister, requires consideration with a view to the improvement of air transport services into or out of Barbados;
- (d) To approve all fares, rates and other charges and conditions respecting scheduled air services into or out of Barbados, except where those matters are regulated by an international agreement to which Barbados is a party;
- (e) To make reports and recommendations to the Minister in connection with conclusions reached after consideration of matters referred by the Minister;
- (f) With the approval of the Minister, to appoint such assessors as it thinks expedient for the purpose of securing proper advice respecting matters affecting the interest of
  - (i) users of air transport services; and
  - (ii) technical, professional, industrial and commercial bodies including labour unions directly concerned with the provision of air transport services into or out of Barbados;
- (g) To perform such other functions as the Minister may from time to time determine.



## FUNCTIONS OF THE SECRETARIAT

The Secretariat is staffed by a Secretary and a Clerk/Typist. The Secretary manages the daily functioning of the Secretariat, oversees the staff member and conducts research and data analysis to enable decision making by the Board. She also participates in air services discussions locally and internationally and attends international aviation conferences and seminars which have a direct impact on local aviation and air travel.

The Clerk/Typist is responsible for the preparation of documents, record keeping and the daily functioning of the office.

## FINANCE

The Authority is provided funding out of the Consolidated Fund under the item Grants to Public Institutions. The Authority's approved estimates of expenditure for the financial year, April 2013 to March 2014, totalled \$333,439.00. The budget is attached at **Appendix I**.

## OPERATIONAL ACTIVITIES 2013-2014

### (1.) MEETINGS

During the period April 1, 2013 to March 31, 2014, the Authority held nine (9) meetings to consider applications for licences, fares and schedules. Additionally round robins were held to obtain the views of Members on urgent matters.

### (2.) GRANTS AND VARIATIONS OF LICENCES

During the year the Authority issued fifteen (15) licences. The total remuneration derived from these applications for licences was \$49,000.00. A list of the applications received and fees collected is attached at **Appendix II**.

#### New Licences

##### Thomas Cook

A new licence was granted to Thomas Cook Airlines which applied for a licence to operate scheduled services on the route Manchester/Barbados.

#### Renewed Licences

Air Canada, the flagship carrier of Canada, which has performed scheduled services between Toronto and Montreal and Barbados for many years, renewed its two licences on expiration.

WestJet, which commenced operations between Toronto and Barbados in November 2008, also received a renewal during this period.

The licence issued to American Airlines for the New York/Barbados/New York route was also renewed in June of this year.

Additionally, Virgin Atlantic Airways renewed two licences for the routes London/Barbados/London and Manchester/Barbados/Manchester.

#### Amended Licences

Seven licences, issued to LIAT (1974) Ltd., were amended to include new aircraft.

An amendment was also made to Caribbean Airlines' licence for the route Port of Spain/Barbados/Kingston/Port of Spain so that the additional intermediate points of Antigua and St. Maarten could be noted on the licence.

#### (3.) APPROVAL OF FARES, RATES AND OTHER CHARGES

The Authority processed fare applications as part of applications for licences as well as applications for fare 'specials' - reductions aimed at generating increased passenger activity. There were notably few applications for increased fares during the reporting period.

#### (4.) PROCESSING OF APPLICATIONS FOR VARIATIONS TO SCHEDULES

During 2013-14 thirteen (13) airlines operated scheduled services into Barbados (see **Appendix III** attached). The majority of these airlines submitted seasonal schedules of operations.

The Authority also processed ad hoc schedule changes, which arose as a result of unexpected operational or technical difficulties experienced by the airlines.

#### (5.) SCHEDULED SERVICES

##### (a.) Canada

Two airlines, Air Canada and WestJet, operated in this market. Air Canada served Toronto year round and Montreal on a seasonal basis, while WestJet served the Toronto market.

##### (b.) Caribbean Region

The Caribbean Region is served by two major scheduled carriers - Caribbean Airlines and LIAT. Caribbean Airlines provided services to Port-of-Spain, Kingston, Jamaica, St. Lucia and Georgetown, Guyana and facilitated other international connections through its hub in Port-of-Spain. Although the airline was granted a licence for a direct service to London in 2012, this service was not in operation in 2013.

LIAT remained the stalwart of intra-Caribbean travel and even extended its reach into Santo Domingo in the Dominican Republic. LIAT served most of the islands in the Commonwealth Caribbean, the French West Indies as well as the Other Caribbean countries of Anguilla, Curacao, St. Croix, St. Maarten, St. Thomas and Tortola.

(c.) Europe

Condor provided services twice weekly between Barbados and Frankfurt, Germany.

(d.) United Kingdom

This route was served by three airlines, Virgin Atlantic, British Airways and Thomas Cook Airlines which together serve two UK cities – London and Manchester.

(e.) United States

During the year the United States was served by three (3) airlines - American Airlines, JetBlue and US Airways. North American cities served were - New York, Miami, and Charlotte.

(f.) South America

GOL Linhas Aereas Inteligentes S.A., which commenced services in 2012, remained the only South American scheduled airline. The weekly services between Barbados and Sao Paulo, Brazil, provided a vital link to the South American Continent at a low cost.

## STATISTICS

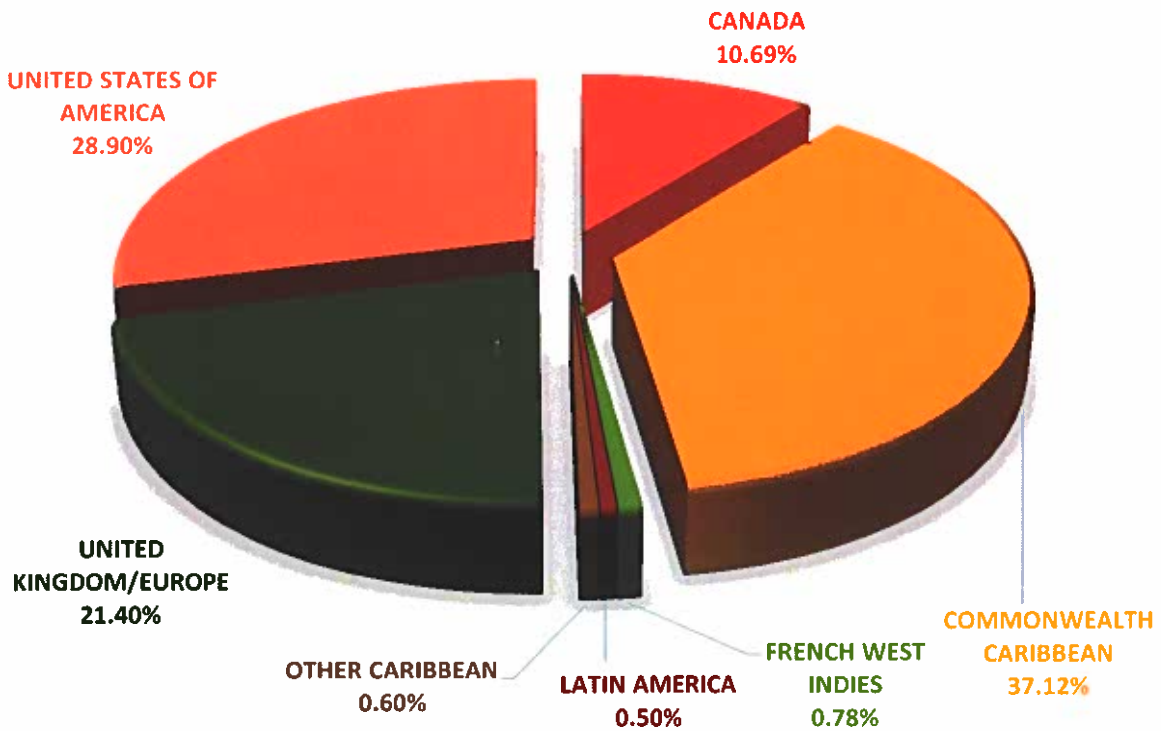
Data compiled for the year January to December 2013 was used for the route analysis which is displayed in Table 1 which is attached at **Appendix IV** and displayed by the pie charts below.

Table 1 shows the comparative passenger traffic by country/city for the year 2012 and 2013. The cumulative total shows a 2.68 decrease in overall passengers. Figures indicate that Canada, the Commonwealth Caribbean, French West Indies, Latin America and the United States all recorded slight decreases while on the other hand, travel from the Other Caribbean and the United Kingdom/Europe cities show marked improvements with both registering over 30% increases. In the United Kingdom/Europe region, while all of the major cities - Frankfurt, London and Manchester - recorded increases, London showed outstanding figures with an increase of 99,318 passengers over the same period in 2012.

The below pie charts entitled Passenger Traffic by Country 2012 and Passenger traffic by Country 2013 compares the percentage passenger traffic from seven major regions during the period. The charts shows that regional traffic continued to be a mainstay in our traffic figures with the majority of passenger traffic - 37.12% in 2012 and 30.3% in 2013 - originating in the Commonwealth Caribbean. This region includes the countries of Antigua, Dominica, Guyana, Grenada, Jamaica, Trinidad and Tobago, St. Kitts, St. Lucia and St. Vincent.

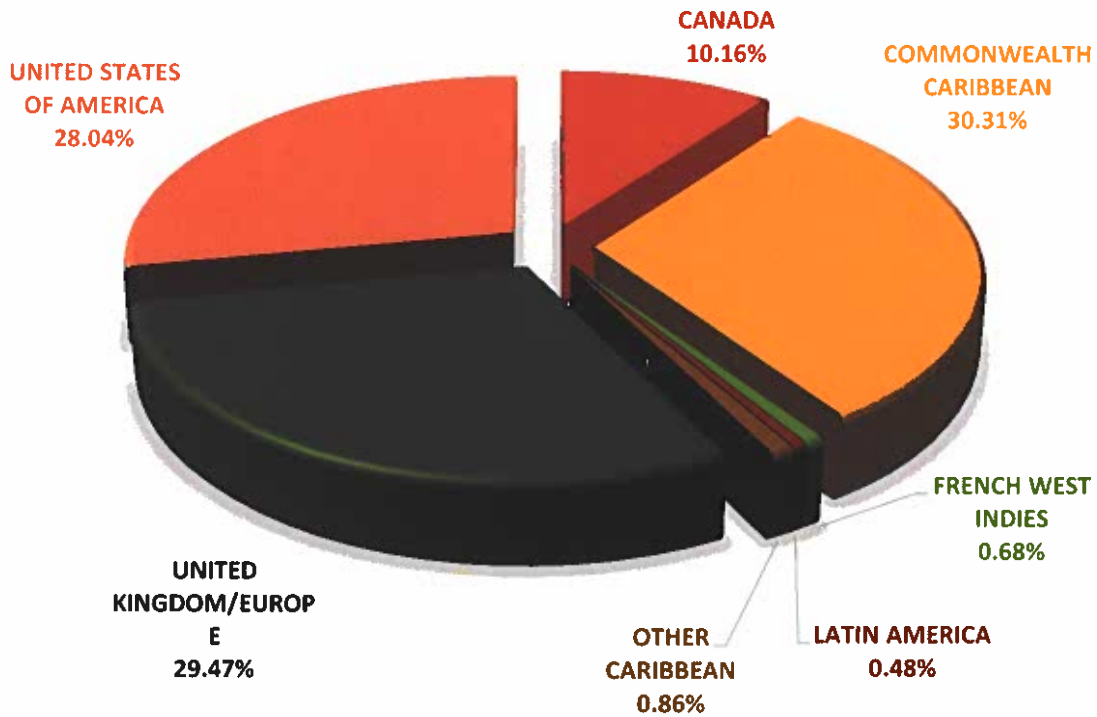
USA originating traffic was the other dominant force in our international traffic figures as it provided 28.9% of traffic in 2012 and 28% in 2013. This region is followed closely by the United Kingdom with 21.4% in 2012 and 29.5% in 2013. It is notable however that

## SCHEDULED AIRLINES PASSENGER TRAFFIC BY COUNTRY 2012

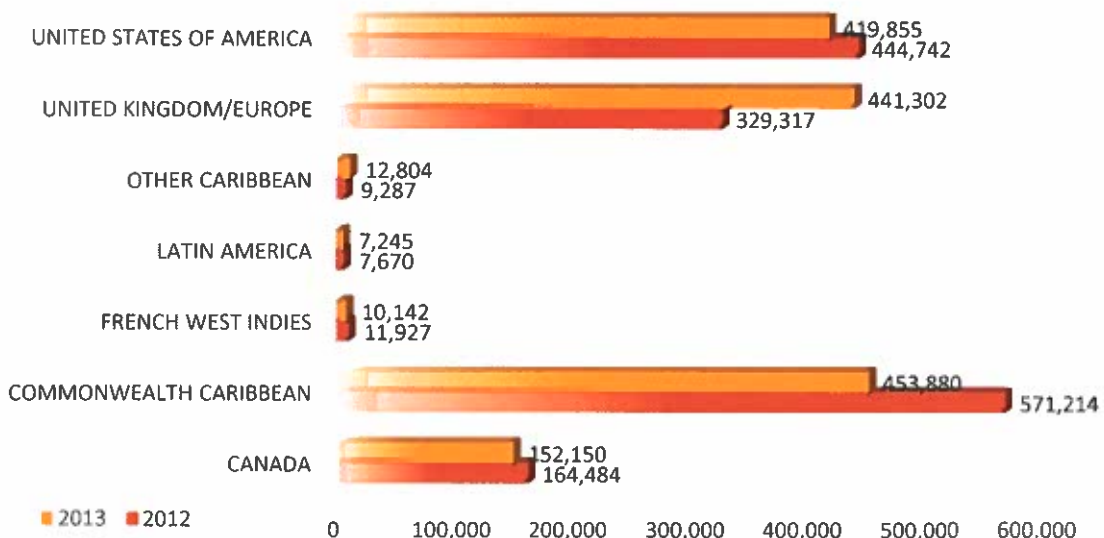


figures for 2013 show a significant increase in the traffic originating from the United Kingdom/European market with an increase of over 8%.

## SCHEDULED AIRLINES PASSENGER TRAFFIC BY COUNTRY 2013



## SCHEDULED AIRLINES PASSENGER TRAFFIC BY COUNTRY 2012 VS 2013



The above bar chart entitled Passenger traffic by Country 2012 vs. 2013 shows the actual number of passengers by country or region. When compared with 2012, 2013 shows slight decreases in passenger traffic from five of the regions. However the Other Caribbean region which includes Anguilla, Canouan, Curacao, Santo Domingo, St. Croix, St. Maarten, St. Thomas and Tortola registered an increase of passenger traffic. The most significant change however was in the United Kingdom/Europe region which registered a 34% increase in passenger traffic.

## TRENDS IN AIR TRANSPORT

A continuing trend in air transport was the upsurge in the use of the online medium - the Internet. This medium, represented by online travel agencies and Websites in the airline business, became a powerful revenue generator for airlines. As indicated by market research data, almost 75% of air tickets were bought online. E-Commerce and automation of business processes, such as web check-in, largely enhanced the convenience of air travel. Added to that was the increasing popularity of the smart phone, which is expected to play an active role in customer relationship management and revenue generation in the time to come.

In this regard, as rising fuel prices, dull economic conditions and increasing competition continue to bite into the revenue generating potential of the global airlines business, airline companies are exploring new ways of revenue generation. Some of these strategies include tapping into alternate revenue generating streams such as selling ancillary products and services across the value chain or stopping revenue leakage via the total revenue integrity route.

According to WNS.com article on Global Airline Industry Trends, the ancillary route is an important revenue generator for airlines. The article cited a PwC report which stated that the top five U.S. carriers generated more than US\$ 12 billion in ancillary revenue during 2011. Services that are emerging as hot favourites in the ancillary services menu include paying for checked baggage, booking a preferred seat and Wi-Fi connectivity. It also noted that most airlines were faced with the problem of revenue leakage at various levels of the business and actively sought to rein in this challenge by initiating a total revenue integrity programme. This programme cut across multiple processes including ticketing processes, e-ticketing, and departure control and customer relationship management.

Due to the dynamic nature of the airline industry, regulatory bodies such as the Authority are challenged to institute controls and to provide directives. In Barbados this is especially notable in the area of fare regulation where fare revision applications have shown a marked decline in recent years. In Europe and the United States, regulators turned their attention towards standards and consumer protection. For instance, airlines in the European Union are penalized for carbon emissions which were above the limit specified by the regulatory authorities and consumer protection laws designed for the comfort and safety of disabled passengers were introduced. In the United States, airlines were subjected to new pricing rules set by the U.S. Department of Transportation, where airline companies had to include all taxes and fees while advertising fares for their flights.

While these regulatory measures were aimed at the increased safety of passengers and improved performance of the industry, the regulations imposed additional duties of compliance to airlines and ultimately resulted in increased airline operational costs. It is noted however that increased airline operational costs are more often than not passed on to the consumer.

*AIR TRANSPORT LICENSING AUTHORITY*

# APPENDICES



**APPENDIX I**

<b>SUB HEAD AND OBJ. NO.</b>	<b>HEAD 68 MINISTRY OF INTERNATIONAL BUSINESS AND INTERNATIONAL TRANSPORT</b>	<b>PROPOSED NEW BUDGET 2013/2014</b>
	<b><u>334: REG. OF AIR SERVICE</u> <u>SUB-PROGRAM 336:</u> <u>ACTIVITY: AIR TRANSPORT</u> <u>LICENSING AUTHORITY</u></b>	
	<b><u>(CODE 68 334 336)</u> <u>OBJECT CLASSIFICATION</u></b>	
	<b>TOTAL AIR TRANSPORT LICENSING AUTHORITY</b>	<b>333,439.00</b>

## APPENDIX II

### FEES COLLECTED & LICENCES ISSUED

APRIL 1, 2013 TO MARCH 31, 2014

Licence No	Airline	Route	Date Issued	Total Fees Paid
6-13-1	American Airlines	New York/Barbados/New York	June 28, 2013	5,500.00
8-09-3 (AMENDED)	LIAT (1974) Limited	Barbados/Antigua/Barbados	July 12, 2013	1,500.00
8-09-4 (AMENDED)	LIAT (1974) Limited	Barbados/Curacao/Barbados	July 12, 2013	1,500.00
8-09-5 (AMENDED)	LIAT (1974) Limited	Barbados/Dominican Republic/Barbados	July 12, 2013	1,500.00
8-09-6 (AMENDED)	LIAT (1974) Limited	Barbados/Martinique/Guadeloupe/Barbados	July 12, 2013	1,500.00
8-09-7 (AMENDED)	LIAT (1974) Limited	Barbados/San Juan/Barbados	July 12, 2013	1,500.00
8-09-8 (AMENDED)	LIAT (1974) Limited	Barbados/Venezuela/Barbados	July 12, 2013	1,500.00
8-09-9 (AMENDED)	LIAT (1974) Limited	Barbados/Kingston/Barbados	July 12, 2013	1,500.00
12-11-03 (AMENDED)	Caribbean Airlines Ltd.	Port-of-Spain/Barbados/Kingston/Barbados/Port-of Spain	July 18, 2013	Fees paid in Previous Year
10-13-1	Thomas Cook Airlines	Manchester/Barbados/Manchester	October 11, 2013	5,500.00
11-13-1	Air Canada	Montreal/Barbados/Montreal	November 29, 2013	5,500.00
11-13-2	Air Canada	Toronto/Barbados/Toronto	November 29, 2013	5,500.00
12-13-1	WestJet	Toronto/Barbados/Toronto	December 19, 2013	5,500.00
1-14-2	Virgin Atlantic Airways	Manchester/Barbados/Manchester	January 24, 2014	5,500.00
1-14-1	Virgin Atlantic Airways	London/Barbados/London	January 24, 2014	5,500.00
<b>Total Funds collected as at March 31, 2014</b>			<b>BDS</b>	<b>\$ 49,000.00</b>

**APPENDIX III**

<b>AIR TRANSPORT LICENCES VALID AS AT MARCH 31, 2014</b>			
	<b>AIRLINES</b>	<b>LICENCE NO:</b>	<b>ROUTES</b>
1	Air Canada	11-13-2	Montreal/Barbados/Montreal
	"	11-13-1	Toronto/Barbados/Toronto
2	American Airlines	12-12-1	Miami/Barbados/Miami
	"	6-13-1	New York/Barbados/New York
3	Amerijet	8-09-1	Miami/Barbados/San Juan/Barbados/Miami
	"	8-09-2	Miami/Barbados/ Bogota/Barbados/Miami
4	British Airways PLC	12-11-06	London/Barbados/London
5	Caribbean Airlines	12-11-2 AMENDED	Port of Spain/Barbados/Port of Spain
	"	12-11-3 AMENDED	Port of Spain/Barbados/ Kingston/Barbados/Port of Spain
	"	12-11-4 AMENDED	Port of Spain/Georgetown/Barbados/Port of Spain
	"	12-11-5 AMENDED	Port of Spain/St. Lucia/Barbados/St. Lucia/Port of Spain
	"	2-12-02	Kingston/Barbados/Kingston
	"	4-12-1	Port-of-Spain/ Barbados/London/Barbados/Port-of-Spain
6	Condor Flugdienst	9-09-1 AMENDED	Frankfurt/Barbados/Frankfurt
7	Gol VRG	6-10-1	Brazil/Barbados/Brazil
8	Jetblue	6-09-1 AMENDED	New York/Barbados/New York

### APPENDIX III

9	LIAT	8-09-3 AMENDED	Barbados/Antigua/Barbados
	"	8-09-4 AMENDED	Barbados/Curacao/Barbados
	"	8-09-5 AMENDED	Barbados/Dominican Republic/Barbados
	"	8-09-6 AMENDED	Barbados/Martinique/Guadeloupe/ Barbados
	"	8-09-7 AMENDED	Barbados/St. Lucia/Barbados
	"	8-09-8 AMENDED	Barbados/Venezuela/Barbados
	"	8-09-9 AMENDED	Barbados/Kingston/Barbados
10	Thomas Cook Airlines	10-13-1	Manchester/Barbados/Manchester
11	US Airways Inc	12-11-1	Charlotte/Barbados/Charlotte
12	Virgin Atlantic	1-14-1	London/Barbados/London
	"	1-14-2	Manchester/Barbados/Manchester
13	Westjet	12-13-1	Toronto/Barbados/Toronto

**TABLE I**  
**PASSENGER TRAFFIC BY COUNTRY AND CITY**  
**CUMMULATIVE**  
**2012 Compared to 2013**

<b>CITY</b>	<b>2012</b>	<b>2013</b>	<b>CHANGE</b>	
			<b>ABS</b>	<b>%</b>
<b><u>CANADA</u></b>	<b>164,484</b>	<b>152,150</b>	<b>-12,334</b>	<b>-7.50</b>
MONTREAL	7,155	6,658	-497	-6.95
TORONTO	157,329	145,492	-11,837	-7.52
<b><u>COMMONWEALTH CARIBBEAN</u></b>	<b>571,214</b>	<b>453,880</b>	<b>-117,334</b>	<b>-20.54</b>
ANTIGUA	52,342	24,027	-28,315	-54.10
DOMINICA	38,064	54,860	16,796	44.13
GEORGETOWN	61,718	33,463	-28,255	-45.78
GRENADA	48,660	42,186	-6,474	-13.30
GUYANA	0	2,554		
KINGSTON	30,768	22,897	-7,871	-25.58
PORT OF SPAIN	162,081	128,546	-33,535	-20.69
ST. KITTS	1,670	2,704	1,034	61.92
ST. LUCIA	64,490	51,606	-12,884	-19.98
ST. VINCENT	108,258	91,037	-17,221	-15.91
TOBAGO	290	0	-290	-100.00
OTHER	2,873	0	-2,873	100.00
<b><u>FRENCH WEST INDIES</u></b>	<b>11,927</b>	<b>10,142</b>	<b>-1,785</b>	<b>-14.97</b>
MARTINIQUE	8,770	9,306	536	6.11
GUADELOUPE	3,157	836	-2,321	-73.52
<b><u>LATIN AMERICA</u></b>	<b>7,670</b>	<b>7,245</b>	<b>-425</b>	<b>-5.54</b>
SAO PAULO	7,670	7,245	-425	-5.54
<b><u>OTHER CARIBBEAN</u></b>	<b>9,287</b>	<b>12,804</b>	<b>3,517</b>	<b>37.87</b>
ANGUILLA	0	351	351	100.00
CANOUAN	1,843	6,757	4,914	266.63
CURACAO	643	345	-298	-46.35
SANTO DOMINGO	0	70	70	100.00
ST. CROIX	0	28	28	100.00
ST. MAARTEN	3,584	3,615	31	0.86
ST. THOMAS	0	157	157	100.00
TORTOLA	3,217	1,481	-1,736	-53.96
<b><u>UNITED KINGDOM/EUROPE</u></b>	<b>329,317</b>	<b>441,302</b>	<b>111,985</b>	<b>34.01</b>
FRANKFURT	24,623	30,051	5,428	22.04
LONDON	259,039	358,357	99,318	38.34
MANCHESTER	45,655	52,894	7,239	15.86

## APPENDIX IV

<b><u>UNITED STATES OF AMERICA</u></b>	<b>444,742</b>	<b>419,855</b>	<b>-24,887</b>	<b>-5.60</b>
CHARLOTTE	10,449	8,408	-10,449	-100.00
DALLAS	13,700	0	212,831	1,553.51
MIAMI	219,376	226,531	-35,324	-16.10
NEW YORK	194,557	184,052	-193,693	-99.56
SAN JUAN	6,660	864	-6,660	-100.00
<b>TOTAL</b>	<b>1,538,641</b>	<b>1,497,378</b>	<b>-41,263</b>	<b>-2.68</b>



